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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 608
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

March 15, 2005

Ron Slaten, Financial Manager
Grace Hill Neighborhood Services
100 N. Tucker
St. Louis, MO 63101

RE: Fiscal Monitoring Report of Grace Hill Neighborhood Services, Member
Organized Resource Exchange (MORE) (#2005-HOM2)

Dear Mr. Slaten:

Enclosed is a report of our fiscal monitoring review of the Grace Hill Neighborhood Services (Document #47148) for the period June 1, 2003 through June 30, 2004. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Grace Hill Neighborhood Services. Our fieldwork was substantially completed on February 9, 2005.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and through an agreement with the Department of Human Services (DHS) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Dwayne Crandall at 613-7257.

Sincerely,

Mohammad Adil, CPA
Audit Manager

cc: Honorable Darlene Green, Comptroller
Patrick Brennan, Fiscal Manager, Department of Human Services
Dwayne Crandall, Internal Audit Supervisor

Enclosure



CITY OF ST. LOUIS

*DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES PROGRAM*

*GRACE HILL NEIGHBORHOOD SERVICES
MEMBER ORGANIZED RESOURCE EXCHANGE (MORE)
DOCUMENT #47148*

FISCAL MONITORING REVIEW

JUNE 1, 2003 THROUGH JUNE 30, 2004

PROJECT #2005-HOM2

DATE ISSUED: MARCH 15, 2005

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
GRACE HILL NEIGHBORHOOD SERVICES
DOCUMENT #47148
FISCAL MONITORING REVIEW
JUNE 1, 2003 THROUGH JUNE 30, 2004**

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**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
GRACE HILL NEIGHBORHOOD SERVICES
DOCUMENT #47148
FISCAL MONITORING REVIEW
JUNE 1, 2003 THROUGH JUNE 30, 2004**

INTRODUCTION

Background

Contract Name: Grace Hill Neighborhood Services

Document Number: 47148

Contract Period: June 1, 2003 through June 30, 2004

Contract Amount: \$135,915

These State of Missouri funds were used by Grace Hill to operate the Member Organized Resource Exchange (MORE) Home program, the MORE System and Development program and the MORE Business Development program for homeless women and their children in the City of St. Louis.

Purpose

The purpose of this fiscal monitoring review was to determine Grace Hill Neighborhood Services' (Documents #47148) compliance with state and local Department of Human Services (DHS) requirements for the period June 1, 2003 through June 30, 2004 and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Grace Hill Neighborhood Services' internal controls relating to the grant administered by the Department of Human Services (DHS), tested evidence supporting the reports the Agency submitted to DHS and performed other procedures considered necessary. Our fieldwork was substantially completed on February 9, 2005. On February 24, 2005, we provided the Agency with our observations and requested a response by March 7, 2005. However, as of the date of this report, Management had not responded.

CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
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CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

Grace Hill Neighborhood Services did not fully comply with state and local DHS requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report, dated January 15, 2004, identified five observations:

1. Requests for reimbursement were for services after contract period. **(Repeated. See Current Observation.)**
2. Reimbursement for Travel exceeded the Federal Lodging Rate. **(Resolved.)**
3. Inventory of equipment and real property not provided to DHS timely. **(Resolved.)**
4. Conflict of Interest Statements not signed by employees. **(Resolved.)**
5. Employee Time reports not always approved by management. **(Resolved.)**

A-133 Status

The A-133 Audit Report was dated June 17, 2004. The report expressed an unqualified opinion on the general purpose financial statements and on compliance with requirements applicable to major federal awards. They noted one finding regarding internal control over financial reporting that was required to be reported by Government Auditing Standards and one finding regarding internal control over compliance that was required to be reported by OMB Circular A-133. These findings did not involve any questioned costs and did not concern pass-through funds specifically. However, the SLAAA program was omitted from the Schedule of Federal Awards. The Internal Audit Section reviewed the audit report on August 17, 2004 and recommended that the DHS follow up on this omission and evaluate whether an amended schedule be provided.

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist Grace Hill Neighborhood Services in fully complying with state and local DHS requirements.

- The Agency was reimbursed for expenses which were incurred outside the contract period.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

The Agency was Reimbursed for Expenses Which Were Incurred Outside the Contract Period (Repeated)

In our previous report, 2004-HOM1, we questioned \$11,655 reimbursed for costs incurred outside that contract (#44820) and \$1,631.89 for undocumented, unsupported or unallowable costs. In discussions with the Director of Homeless Services of DHS, we were informed that the money has been paid back. The Agency submitted a check (#3848) to DHS for the amount of \$11,655 which was dated 1/20/05.

The Department of Human Services policy guidelines require the Agency to charge expenditures to the grant that are incurred during the grant period and not before or after the grant period. In our previous report, 2004-HOM1, we questioned \$11,655 reimbursed for costs incurred outside the contract #44820, and \$1,631.89 for undocumented, unsupported, or unallowable costs. In discussions with the Program Specialist of DHS, we were informed that the issue has been settled as noted above. For the current contract, we discovered the following items of concern. The Agency charged three non-payroll expenditures to the grant which were incurred before the contract period. Two of the expenses were for office supplies purchased in April 2003, and the other was for grant consulting which was also incurred in April 2003. This is a total questioned cost of \$2,824.53.

Recommendation

We recommend the Agency repay the \$2,824.53 to the MORE Program. It should submit a check for \$2,824.53 payable to the Comptroller's Office – Federal Grant Section - MORE Program, 1114 Market St., 6th Floor, St. Louis, MO 63103. The check should also reference Fund #1167 and Center #8004900

Management's Response

On February 24, 2005, we provided the Agency with our observations and requested a response by March 7, 2005. However, as of the date of this report, Management had not responded.